



# Special report: Protecting Consumers

State Representative

**Shay Schual-Berke**

**33rd Legislative District**



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& Insurance – *Chair*  
Health Care  
Appropriations

Dear Friends,

Consumers and investors are being ripped off by scams and scandals. Everyone's affected.

Financial fraud by corporate giants such as Enron has crippled consumer confidence and robbed ordinary citizens of their investments, pension plans and life savings. But only a handful of the perpetrators have been punished.

Phoney insurance scams are stealing huge amounts of money from Washington residents and giving nothing in return. Identity theft fraud has reached epidemic levels.

Consumers everywhere are asking: Who's on our side? Big corporations have powerful lobbyists and lawyers, but who's protecting the interests of the average person?

When I became chair of the House Financial Institutions & Insurance Committee, I vowed to work with Democrats, Republicans and Independents to protect consumers. This newsletter describes recent accomplishments and provides concrete tips to help you protect your finances.

This newsletter also invites you to an important local meeting that will help businesses and consumers understand Washington State's liability insurance crisis, and how we can address it.

Please take a look inside. And remember, I value your comments and suggestions. Hearing from you helps me to speak for you in the Legislature.

Warmly,

Shay Schual-Berke, M.D.

# Rep. Shay Schual-Berke • 33rd District

## The identity theft epidemic:

### Protecting your good name



Identity theft and financial fraud are among the fastest-growing crimes. They already cost Washington consumers more than \$110 million each year.

Your good name and credit can be quickly ruined by criminals who use your Social Security number, credit card numbers, or other personal information to commit financial fraud or falsely identify themselves to police. It is hard to recover – identify theft victims spend an average of \$1,400 and 175 hours of their time just to correct false charges and credit reports!

### New laws will help

I used my role as chair of the House Financial Institutions & Insurance Committee to unite lawmakers for the consumers and against criminals who steal identities to commit fraud. By emphasizing bipartisan, practical solutions, we created new laws that will increase prevention, detection and punishment of identity theft crimes. These new laws:

- Keep your financial information away from criminals by exempting bank and credit card numbers from public disclosure (*HB 1845*).
- Allow retailers to ask for additional identification to verify that a credit or debit card has not been stolen (*SB 5720*).
- Create a new Criminal Profiteering Act and severe penalties for possessing or producing another person's identification, fictitious identification, or specialized equipment used to counterfeit another's identity (*HB 1844*).

These new laws will help to protect citizens from identity theft. You can help protect yourself from identity theft criminals by using tips provided by our state Attorney General.

### Tips to prevent identity theft

- ✓ **Protect your private information.** Don't give your Social Security number, mother's maiden name or financial account numbers to anyone unless you're sure your private information will be protected. Keep your Social Security card in a safe place.
- ✓ **Pay attention to missing or overdue bills.** Identity thieves often reroute or steal monthly bills to gather your private information.
- ✓ **Guard your mail.** Don't leave outgoing mail or paid bills in your mailbox. Take it to the collection box or post office to protect your private information.
- ✓ **Tear or shred vulnerable documents** such as charge receipts, copies of credit offers, insurance forms, or bank checks. They contain information criminals can use.
- ✓ **Remember your right to inspect your credit report.** You may be charged a fee. The three main credit bureaus have toll-free numbers to request a credit report. Equifax: 1-800-685-1111; Experian: 1-888-397-3742; Trans Union: 1-800-888-4213.
- ✓ **If you are victimized by identity theft, immediately report it** to the police and your financial institutions. Ask for a copy of the police report, which will help you correct your credit rating.

## Fighting Corporate Fraud

Enron, Znetix and other corporate scandals have crippled investor confidence and robbed pension funds and other investments. Ordinary citizens and businesses have suffered while the guilty hide behind weak laws. Passing stronger securities and accounting laws to protect the innocent and punish the guilty was a top personal priority, and we're making good progress.



### Securities Enforcement Act

I was the lead author of the Securities Enforcement Act that the Legislature passed unanimously this year (*HB 1219*). It not only sharply increases penalties for violating state securities laws, it creates a "Securities Prosecution Fund" *funded by fines against violators*. Our new law also lengthens the statute of limitations on key securities crimes and authorizes prison sentences of up to 10 years for shredding or otherwise destroying evidence in a securities prosecution.

### The Public Accountancy Act

Do you remember the Arthur Anderson scandal that helped Enron bilk investors? I joined in sponsoring a law this year to better ensure the independence of accountants. It increases penalties on accountants who "cook the books" and requires records to be retained for seven years. It also launches a state study of auditor independence. These steps will help protect investors and the reputation of a vital and honorable profession (*HB 1211*).

# Special report: Protecting Consumers

## Illegal health plans

"Today's tight health insurance market is ripe for scam artists."



So said Insurance Commissioner Mike Kreidler when he asked for a law to crack down on illegal health plans. I worked with the Senate to make selling phoney health plans a felony with fines up to \$25,000 per violation. This law won't instantly end health plan scams – it is still important to verify health plans before you buy. But the new penalties will be a strong deterrent and make violators pay heavily for violating people's trust (*SB 5641*).

## The liability crisis and you

You already pay a steep price for a broken liability system. You'll soon be paying more. The liability crisis is driving up the cost of insurance and doing business in Washington. You're directly affected because:

- The broken liability system does not get fair compensation to most people who deserve it and is too slow to help people in need. A typical case takes nearly 4 years to resolve.
- The more businesses must pay for insurance and health benefits, the less they can pay in employee wages. Look at your paycheck: Health insurance costs are rising five times faster than wage increases for most workers. Many Washington businesses are dropping employee health benefits to avoid rising costs.
- To escape massive increases in malpractice insurance, more and more doctors are leaving Washington or limiting high risk services such as delivering babies. Forcing pregnant women and other patients to drive farther and wait longer to see a doctor puts people's health at risk.

Powerful lobbyists and politics-as-usual have blocked solutions to the liability crisis for too long. We can't wait any longer! I'm working with Democrats and Republicans in the Legislature to develop practical solutions to end the crisis and bring costs under control. We'll propose needed reforms in the next session.

I've organized the Community Forum on the Liability Insurance Crisis (see the announcement on the back page) to bring business people, consumers, and lawmakers together to discuss the crisis and how we can end it. We can solve this crisis if we reject partisan fighting and work together.

## Toll-free Help for Consumers

*Clip and save these toll-free help lines*

Utilities & Transportation Commission Consumer Information:

..... 1-800-562-6150

State Attorney General Consumer Protection line: .....

1-800-551-4636

Charitable Solicitation

Information: .....

1-800-332-4483

Consumer Check on Contractors:

..... 1-800-647-0982

Health Consumer Assistance:

..... 1-800-525-0127

Hospital/Home Health Care Agency Complaints:

..... 1-800-633-6828

Insurance Consumer Help:

..... 1-800-562-6900

Long-Term Care Ombudsman:

..... 1-800-562-6028

FBI Corporate Fraud Hotline:

..... 1-888-622-0117



**Shay announces new consumer protection legislation at a bipartisan 'Stop Financial Fraud' press conference. From left: Sen. Don. Benton-R, Rep. Shay Schual-Berke-D, Sen. Shirley Winsley-R, Rep. Brad Benson-R, Sen. Margarita Prentice-D.**

# Rep. Shay Schual-Berke • 33rd District

***You are  
Invited***

## **Community Forum on the Liability Insurance Crisis**

The lack of affordable liability insurance has become a crisis for consumers, doctors and businesses. Learn how this crisis is making affordable health care, housing and other essentials harder to find. Listen to possible solutions.

**We want to hear *your* experiences and ideas.** Come tell legislators how this crisis has impacted you, and your ideas for solving it. The hours of 1 to 2 p.m. are reserved exclusively for citizen input, or you can join us for the whole day.

► **When:** Friday, November 14th, 9 to 4 p.m.

► **Where:** Kent City Hall  
220 Fourth Avenue South

Space is limited, so please RSVP to my office. Can't make it? I still want to hear your stories and ideas. Just contact my office, and you *will* be heard.

**Special  
report:  
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